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#### OUR PLEDGE

Crush International Limited takes pride in the excellence of its products. To create and produce beverages of unsurpassed freshness, purity and quality is our highest aspiration . . . our constant aim. Thus it is with confidence that we publish this symbol as an honest and unconditional guarantee. We pledge our untiring diligence in maintaining our exacting standards of production . . . in supplying beverages of delicious fresh flavour and wholesome healthful goodness.







## CRUSH INTERNATIONAL LIMITED

### Board of Directors

- DOUGLAS W. BEST - - - - - Toronto, Ont.  
President, T. H. Best Printing Company Limited, Toronto, Ont.  
Elected 1969
- RALPH B. BRENNAN - - - - - Rothesay, N.B.  
Chairman and director, G. E. Barbour Company Limited, Saint John, N.B.  
Elected 1960
- \*LOUIS COLLINS - - - - - Park Ridge, Illinois  
President, Crush International Limited, Toronto, Ont.  
Appointed 1956
- \*NELSON M. DAVIS - - - - - Toronto, Ont.  
Chairman, N. M. Davis Corporation Limited, Toronto, Ont.  
Elected 1959
- WILLIAM J. H. DISHER - - - - - Toronto, Ont.  
President, Frankel Structural Steel Ltd., Toronto, Ont.  
Elected 1970
- IAN R. DOWIE - - - - - Toronto, Ont.  
Retired Executive  
Elected 1966
- HON. LOUIS P. GÉLINAS, M.B.E. - - - - - Montreal, P.Q.  
Consultant, Geoffrion, Robert & Gélinas, Co., Montreal, P.Q.  
Elected 1964
- HUGH H. MACKAY - - - - - Rothesay, N.B.  
Director, Pitfield, Mackay, Ross & Company Limited, Toronto, Ont.  
Appointed 1973
- JOHN A. McCLEERY, F.C.A. - - - - - Toronto, Ont.  
President, J. A. McCleery Limited, Toronto, Ont.  
Elected 1967
- \*PETER M. McENTYRE - - - - - Westmount, P.Q.  
President, Commercial Trust Company Limited, Montreal, P.Q.  
Elected 1970
- \*DONALD A. McINTOSH, Q.C. - - - - - Toronto, Ont.  
Partner, Fraser & Beatty, Toronto, Ont.  
Elected 1953
- ROBERT A. McNAIR - - - - - Toronto, Ont.  
President, Bristol-Myers Products Canada, Toronto, Ont.  
Elected 1965
- DONALD G. OTTAWAY - - - - - Toronto, Ont.  
Executive Vice-President, Crush International Limited, Toronto, Ont.  
Elected 1972
- \*J. M. THOMPSON - - - - - Toronto, Ont.  
Chairman of the Board, Crush International Limited, Toronto, Ont.  
Appointed 1952

( \*\* Chairman of the Executive Committee)

( \* Members of the Executive Committee)

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## ANNUAL MEETING

The Annual Meeting of our Shareholders will be held at the Royal York Hotel, 100 Front Street West, Toronto, at 11:30 a.m. on Wednesday, February 27, 1974.

## Financial Highlights

	Fiscal Year ended October 31, 1973	<i>Fiscal Year ended November 1, 1972</i>
Gross operating revenue - - - - -	\$44,781,457	\$37,044,601
Net earnings before income taxes - - - - -	5,914,501	4,700,452
Provision for income taxes - - - - -	2,681,000	2,066,000
Net earnings from operations before extraordinary items - - - - -	3,233,501	2,634,452
Extraordinary items - - - - -	166,000	51,457
Net earnings for the year - - - - -	\$ 3,399,501	\$ 2,685,909
Earnings per share before extraordinary items - - - - -	.76	.63
Earnings per share including extraordinary items - - - - -	.80	.64
Depreciation - - - - -	561,699	442,894
Number of shares outstanding - - - - -	4,237,378	4,229,928



# Foreword

## ORANGE CRUSH—50 Years of Growth and Accomplishment

On the occasion of our 50th anniversary as a publicly owned business, we felt it timely and of interest to outline some of the historical events and developments since Orange CRUSH came to Canada. It would be too lengthy to record the many events experienced during the past half century, but possibly the highlights of the origin of the products in the United States, of how we became Canadian and our growth, particularly over the past two decades during which it became the leader in the fruit flavour field, would be of interest to the shareholders.

The Orange CRUSH business was founded in Chicago in 1916 by a young chemist who developed a unique process of blending ingredients to form an outstanding orange concentrate. Orange CRUSH, which was produced from this concentrate, was an immediate success and swept the United States market in the succeeding years.

In 1918 the Chicago Company granted the first franchise in Canada to a bottler in Sarnia, Ontario. This was followed by the incorporation in 1921 of a company named Orange Crush Bottlers Limited, located in St. Thomas, Ontario. This company was reorganized as a public company in 1924 when it moved to Toronto, and changed its name to Orange Crush Limited. By

that time there were numerous bottlers producing CRUSH from Ontario to British Columbia. A further reorganization took place in 1927 when the present Company was formed.

The phenomenal growth of CRUSH continued throughout the 1920's. In the United States it was considered the largest of its kind in the soft drink industry.

New franchises were granted to bottlers in England, Australia, New Zealand, South America and Mexico. The product was nationally advertised in major magazines such as *Colliers*, *Cosmopolitan*, *Red Book* and in the *Saturday Evening Post* where Norman Rockwell depicted many inimitable scenes featuring the famous "Krinkly" bottle.

During the early 1930's difficult times were encountered which resulted in a serious curtailment of advertising expenditures, personnel and expansion plans. Increased competition in the soft drink industry was growing rapidly and by the late 1930's the Company was in very difficult circumstances.

In the early 1940's during the war years, the Canadian Company picked up great momentum and acquired KIK Cola and Charles Gurd & Co., Limited in Montreal, manufacturers of cola and ginger ale respectively. In August 1946 control was purchased of the Orange Crush Company, Chicago, which became and still is the only major international soft drink company in the United States controlled by a Canadian company. While difficult times were experienced in the late 1940's, real progress and development of the Canadian Company and its United States subsidiary commenced in the 1950's and has continued since.

The famous "Krinkly" brown CRUSH bottle was retired in the mid 1950's and a new bottle design of clear flint glass was introduced. This radical new bottle accentuated the natural color of Orange CRUSH and thus became our growth package. Minimal changes in formulae were then necessary to adapt the product to sunlight conditions and the success of the product speaks for itself, as in the next three years over 400 bottlers, in Canada and the United States, were selling the new Orange CRUSH. Expansion of manufacturing facilities followed in both Canada and the United States, advertising programmes were greatly expanded and became national in scope.





In 1959 the Company name was changed to Crush International Limited to reflect actual and anticipated expansion and development in international markets. Distribution of Orange CRUSH products at that time embraced more than 600 bottlers in Canada, the United States and 26 other countries. In 1960 dividends were resumed on the common shares after a lapse of twelve years and have been paid regularly since.

In 1960 our first offshore representative was appointed to develop the European continental



market. In the Canadian and United States markets new products were added under the CRUSH name.

In 1962 the remaining minority interest in the American Company was purchased and later in 1962, HIRSH Root Beer, the oldest national soft drink in North America, and the leading root beer in Canada and the United States, was acquired.

In the following year, 1963, further expansion took place in Canada with the acquisition of Pure Spring (Canada) Limited, a dominant factor in the Ottawa Valley, producing and marketing a full line of quality soft drink products. We also accelerated our development of non-returnable containers and as the innovators of cans for soft drinks in Canada, we enjoyed a major share of the market in this package. In the same year we extended our coverage to many new markets in the Middle East and Europe.

In 1965 the Company acquired the Canadian business of Royal Crown Cola and took on the

master franchise for Canada of its two major products, R C Cola and Diet-Rite Cola.

A period of consolidation followed during the late 1960's, featuring product expansion, franchising of company-owned plants and the development of management personnel, mainly in North American operations.

In recent years our programme of expansion has been renewed. In 1970 our American subsidiary purchased the trade name of The Sun-drop Corporation of America, located in St. Louis, Mo., which had 80 franchised SUN-DROP bottlers in Central and Southern United States. SUN-DROP is a fruit based drink often called "The Golden Cola". Another product, GINI, a bitter-lemon drink developed in Canada, was introduced in France so successfully that already it is one of the leading beverages in that country, with extensive distribution, and now also growing steadily in Belgium.

In July 1972 the operations of Breuvages E. Denis Ltée., Montreal, were acquired and integrated into the KIK operation in Montreal. DENIS features a line of flavours in quart bottles popular in the Montreal area, and adds considerable strength to our KIK Cola operation.

In the summer of 1973, Charles Wilson Limited, famous for its Ginger Ale and flavours in Toronto and other major Ontario markets, was acquired. The SUSSEX Trade Marks whose brands, particularly SUSSEX Ginger Ale, command a major share of the Maritime market, were purchased from Maritime Beverages Limited, Saint John, New Brunswick. The former owner has become our master franchisee for SUSSEX products as well as for CRUSH and HIRSH in that area.

The Company now has granted over 200 franchises in Canada, giving it almost complete distribution for its products there. In the United States the American Company has franchised almost 600 bottlers covering almost every major market, and also enjoys successful fountain syrup operations on a nation-wide scale. Internationally we are represented in over 60 countries with over 200 franchises. All this adds up to a strong business, well diversified both geographically and by product line, and one which represents a solid foundation for the future.

The Company's success and progress is really the story of people—past and present—who have demonstrated vision, enthusiasm and willingness to do a little better, to take pride in the excellence of our products and in the future of the Company.

Our symbol "an arrow aiming at the stars" is symbolic of our pledge to produce and create products of unsurpassed quality and genuine value.



# Report to Shareholders of

## Crush International Limited

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This is the 50th Annual Report of your Company and we are proud to report that the past year's performance was the best in the Company's history, as revenue and earnings advanced to record levels.

Gross Operating Revenue of \$44,781,457 was 21% higher and Earnings of \$3,233,501 were 23% greater than those of the previous year. Earnings per share were 76¢ vs. 63¢ a year ago.

All areas of the Company have shown good progress and considerable expansion was achieved through two acquisitions in Canada and the enlargement of our foreign operations.

### Financial

The 76¢ per share figure for 1973 does not include an item of extraordinary income of \$166,000 or 4¢ per share resulting from tax recovery in Charles Wilson Limited. Working Capital decreased by \$890,693 to \$8,129,780 as a result of the purchase of Charles Wilson Limited, SUSSEX Trade Marks and increased capital expenditures. The long term debt was reduced by U.S. \$390,000 and subsequent to the year end the Company made an additional payment of U.S. \$390,000, leaving the net long term debt at the present time of \$1,160,000. Capital expenditures for the year amounted to \$763,288 largely for trucks, vending machines, equipment and a small plant addition. Shareholders' equity increased to \$4.55 per share from \$4.06 per share the previous year.

### Canada

The Canadian operations have shown a definite improvement in 1973 despite higher costs in all areas of the business, particularly from sugar and labour. Gross operating revenue increased substantially although this increase was partly accounted for by the addition of WILSON'S sales for 7 periods. The Federal sales tax of 12% was removed in February 1973 and while this had a beneficial effect in increasing sales it reduced the Gross Operating Revenue by \$1,126,000, as this tax was formerly included in the gross sales. Profits were well up in Canada and the addition of WILSON'S this year and DENIS in Montreal last year, has aided in this development.

The sale of cans showed a sharp increase with excellent summer weather conditions in Eastern Canada, along with better consumer acceptance of this package. Complications, however, still exist in various provinces where governments are

taking attitudes unfavourable to our industry which could eventually affect the sale of non-returnable containers, especially cans. Non-returnable packages now form a very important part of our business and enable the Company to obtain distribution into many outlets and markets that was not previously possible. We will continue to take whatever steps are possible to protect our business from what we consider to be discriminatory laws.

The PURE SPRING Division in Ottawa as well as KIK-DENIS in Montreal, performed well by increasing both sales and profits and both Divisions continue to make good progress.

Sales of the Franchise Division were only slightly ahead of last year and profits were about the same. We did not achieve our objective in certain major markets and several other markets were badly disrupted by special deals offered by our competitors which temporarily affected our progress. The recent acquisition of SUSSEX Trade Marks in the Maritime provinces and the arrangements made to grant a master franchise for CRUSH and HIRES for this area will ensure us of improved distribution on the Eastern coast. During the year 15 new franchises were activated and three other franchises were amalgamated.

The Canadian operations have shown overall progress and growth due to a good management team, well planned promotions and advertising, and close control in administrative expenses.

### United States

In the annual report last year, we commented on the severe competitive activities throughout the industry which had carried on through the entire beverage season. Special deals and promotions by major brands continued again this year even during the most productive months of the year, July and August.

Most parts of the United States enjoyed good beverage weather during last summer, though the West Coast was cool and rainy. With the improved beverage weather, sales increased and the growth of HIRES, CRUSH and SUN-DROP throughout the U.S. was most gratifying and reflected the results of improved marketing techniques and efforts.

Our advertising and marketing programmes were tailored to suit the needs of our regional marketing areas, and in consequence, we were able to combat, with the co-operation of our bottlers, intense



competitive activities, which seem to be a way of life for our industry today.

New larger size bottles were introduced in many markets and additional major bottlers plan introductions of these packages in early 1974. These larger sizes enable us to protect our present volume, increase our market share and expand our sales. Every effort is being expended to take advantage of the demand for these larger containers.

During the year, 21 new franchises were activated, while 33 were cancelled. Most of the 33 were small or were absorbed by other bottlers.

While the energy crisis may well cause some disruptions in our industry during 1974 and delays in obtaining supplies such as containers may occur, we feel your Company is in a good position to expand its volume and to continue to build its business during the coming year.

### International

Our international business showed a sharp increase during 1973. Western Hemisphere shipments reflected increased case sales throughout Latin America and resulted in the highest sales to that area in the Company's history.

Chile is gradually becoming better organized, and while the country is having very difficult times, we expect the situation to stabilize and our sales to start a gradual increase during the latter part of the current year.

There has been a steady growth in other countries in Latin America. Argentina and Uruguay, which have had some internal problems, seem to be showing improvement although new laws are being enacted and changes are taking place that may require a re-assessment of our present method of doing business there. Other countries in Latin and Central America, such as Brazil, Peru, Panama, Dominican Republic, Ecuador and others are stable and have shown steady improvement during the year.

In the European market, GINI continues its outstanding growth in France, and its introduction in Belgium has been very satisfactory. Development of Orange CRUSH and our other products for the Middle East continues despite the unsettled conditions in that area.

As our sales in Europe and the Middle East increase, we are expanding our field of endeavor to the Far East and expect the successes we have had so far in our overseas' efforts will be reflected in that area. It is important in any new area to obtain the right bottler, capable of giving the type of service and effort necessary to obtain the sales potential available for our products. For this reason, we are very selective, and the introduction of our products takes longer, but in the long run this method produces the best results and establishes our products on a much firmer basis.

Our efforts overseas, coupled with our Western Hemisphere developments, have produced record sales in 1973, and we look for further improvement in 1974.

### General

In our annual report last year, we stated that our growth in sales and profits would resume in 1973. Our confidence was borne out by the results.

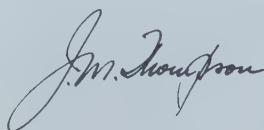
In looking ahead to 1974, we feel that it will be another growth year. We recognize the difficulties that face us and which are created by events beyond our control, such as the energy crisis, increased costs of government benefits, shortages of materials and supplies, and difficulties of transportation. Nonetheless, we are in a good position to take advantage of opportunities as they occur and we are confident that our share of market will continue to expand, not only in North American markets but in International markets as well.

Your Company is constantly alert to acquisition opportunities. During the year as indicated elsewhere in this report, we acquired Charles Wilson Limited, the oldest privately owned beverage company in Canada and one whose reputation in the major Ontario markets is outstanding.

At the end of the year we acquired the Trade Mark "SUSSEX" and have been able to franchise Orange CRUSH and HIRES to the Sussex bottlers throughout the Maritimes. This is an important step forward in a major area of Canada where our penetration needed improvement, and it will now enable us to improve our distribution throughout the Atlantic provinces.

We continue to look at many companies, both in Canada and the United States, but for one reason or another, many of them have not been acceptable and did not fit into our acquisition programme. Every opportunity will be examined carefully with a view to making acquisitions which complement our present operations and offer good opportunities for further profit growth.

The successful year we have just finished would not have been possible without the combined effort of the many loyal employees whose co-operation and enthusiasm contributed so much to our growth. The interest of our customers and our shareholders in our products is most helpful, and we welcome your continued support.



Chairman of the Board



President

December 12th, 1973.

**Five Year Review****Operating Results**

	1973	1972	1971	1970	1969
Gross operating revenue - -	\$44,781,457	\$37,044,601	\$35,908,877	\$35,341,565	\$37,121,948
Earnings from operations					
before taxes - - - - -	5,914,501	4,700,452	5,124,295	4,681,520	3,759,624
Provision for income taxes (1) -	2,681,000	2,066,000	2,319,000	2,264,500	1,757,361
Net earnings from operations -	3,233,501	2,634,452	2,805,295	2,417,020	2,002,263
Dividends paid - - - - -	1,354,554	1,179,221	1,086,832	1,038,965	634,101
Depreciation expense - - -	561,699	442,894	464,154	454,656	600,999

**Financial Position**

Current assets - - - - -	17,127,157	13,350,590	12,934,157	13,609,193	10,793,942
Current liabilities - - - - -	8,997,377	4,330,117	4,662,731	6,650,026	5,043,534
Working capital - - - - -	8,129,780	9,020,473	8,271,426	6,959,167	5,750,408
Fixed assets, net - - - - -	7,422,142	4,921,706	5,057,317	5,280,347	6,373,575
Total assets - - - - -	29,978,586	23,474,507	22,899,935	23,886,683	20,212,461
Long-term debt - - - - -	1,577,606	1,974,553	2,975,813	3,986,900	3,450,850
Shareholders' equity - - -	19,284,432	17,169,837	15,261,391	13,249,757	11,718,077

**Per Common Share**

Net earnings per share					
from operations - - - - -	.76	.63	.67	.58	.48
Dividends per share - - - - -	.32	.28	.26	.25	.15
Book value per share - - - - -	4.55	4.06	3.65	3.19	2.82
Number of shares outstanding -	4,237,378	4,229,928	4,186,428	4,158,478	4,148,828

(1) Taxes in 1969 were reduced by the application of pre-acquisition losses of a subsidiary company acquired in 1965 - - - - -

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109,000



**Consolidated Statement of Earnings**

FOR THE YEAR ENDED OCTOBER 31, 1973

	1973	1972
GROSS OPERATING REVENUE - - - - -	\$44,781,457	\$37,044,601
EARNINGS BEFORE THE UNDERNOTED ITEMS - - - - -	<u>\$ 6,683,527</u>	<u>\$ 5,340,081</u>
OTHER CHARGES (INCOME)		
Depreciation - - - - -	561,699	442,894
Returnable container expense - - - - -	608,742	358,657
Interest on long-term debt - - - - -	109,327	108,188
Income from short-term investments - - - - -	(510,742)	(270,110)
	<u>769,026</u>	<u>639,629</u>
	<u>5,914,501</u>	<u>4,700,452</u>
INCOME TAXES		
Current - - - - -	2,399,000	1,937,000
Deferred - - - - -	282,000	129,000
	<u>2,681,000</u>	<u>2,066,000</u>
NET EARNINGS FROM OPERATIONS BEFORE EXTRAORDINARY ITEMS	<u>3,233,501</u>	<u>2,634,452</u>
EXTRAORDINARY ITEMS		
Reduction in income taxes on application of pre-acquisition losses of a subsidiary (note 4) - - - - -	166,000	—
Gain on sale of Ottawa property, less income taxes applicable thereto - - - - -	—	236,286
Write-down on purchase of returnable containers, less income taxes applicable thereto - - - - -	—	(184,829)
	<u>166,000</u>	<u>51,457</u>
NET EARNINGS FOR THE YEAR - - - - -	<u>\$ 3,399,501</u>	<u>\$ 2,685,909</u>
EARNINGS PER SHARE (note 5)		
Net earnings from operations before extraordinary items - -	\$ .76	\$ .63
Net earnings for the year - - - - -	.80	.64

**Consolidated Statement of Retained Earnings**

FOR THE YEAR ENDED OCTOBER 31, 1973

	1973	1972
RETAINED EARNINGS—BEGINNING OF YEAR - - - - -	\$12,539,411	\$11,032,723
Net earnings for the year - - - - -	3,399,501	2,685,909
	<u>15,938,912</u>	<u>13,718,632</u>
Dividends paid - - - - -	1,354,554	1,179,221
RETAINED EARNINGS—END OF YEAR - - - - -	<u>\$14,584,358</u>	<u>\$12,539,411</u>

**CRUSH INTERNATIONAL LIMITED**

(Incorporated under the laws of Ontario)

*and subsidiaries*

<b>ASSETS</b>			
<b>CURRENT ASSETS</b>		<b>1973</b>	<b>1972</b>
Cash and short-term investments - - - - -		\$ 8,471,412	\$ 6,804,959
Accounts receivable - - - - -		4,586,850	3,094,028
Inventories—at lower of cost and net realizable value - - -		3,815,038	3,152,235
Prepaid expenses and deferred charges - - - - -		253,857	299,368
		<u>17,127,157</u>	<u>13,350,590</u>
<b>OTHER ASSETS</b>			
Investment in shares of foreign subsidiaries not consolidated—at cost (note 1) - - - - -		<u>27,105</u>	<u>27,105</u>
<b>FIXED ASSETS</b>			
Land, buildings, machinery and equipment—at cost - - -		12,615,967	8,003,505
Accumulated depreciation - - - - -		5,193,825	3,081,799
		<u>7,422,142</u>	<u>4,921,706</u>
<b>TRADE MARKS, FORMULAE AND GOODWILL—at cost,</b> less amounts written off - - - - -		5,402,182	5,175,106
Signed on behalf of the Board, LOUIS COLLINS, Director D. A. McINTOSH, Director			
		<u>\$29,978,586</u>	<u>\$23,474,507</u>

**Auditors' Report to the Shareholders**

We have examined the consolidated balance sheet of Crush International Limited and subsidiaries as at October 31, 1973 and the consolidated statements of earnings, retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.



# Consolidated Balance Sheet

AS AT OCTOBER 31, 1973

LIABILITIES			
CURRENT LIABILITIES		1973	1972
Bank loans - - - - -		\$ 1,403,448	—
Accounts payable and accrued liabilities - - - - -		6,199,366	\$ 3,710,093
Income and sundry taxes payable - - - - -		1,394,563	620,024
		<u>8,997,377</u>	<u>4,330,117</u>
LONG-TERM DEBT (note 2) - - - - -		1,577,606	1,974,553
DEFERRED INCOME TAXES - - - - -		119,171	—
		<u>10,694,154</u>	<u>6,304,670</u>
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 3)			
Authorized—			
90,000 preference shares of a par value of \$100 each, issuable in series			
9,000,000 common shares without par value			
Issued and fully paid—			
4,237,378 common shares (1972—4,229,928) - - - -		4,700,074	4,630,426
RETAINED EARNINGS - - - - -		14,584,358	12,539,411
		<u>19,284,432</u>	<u>17,169,837</u>
		<u>\$29,978,586</u>	<u>\$23,474,507</u>

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1973 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, December 11, 1973.

COOPERS & LYBRAND  
Chartered Accountants

**Consolidated Statement of Source and Use of Working Capital**

FOR THE YEAR ENDED OCTOBER 31, 1973

	1973	1972
SOURCE OF WORKING CAPITAL		
Net earnings for the year - - - - -	\$ 3,399,501	\$ 2,685,909
Add items not affecting working capital:		
Depreciation - - - - -	561,699	442,894
Deferred income taxes - - - - -	119,171	—
Provided from operations - - - - -	4,080,371	3,128,803
Issue of capital stock - - - - -	69,648	401,758
9% Mortgage receivable - - - - -	—	211,836
	<u>4,150,019</u>	<u>3,742,397</u>
USE OF WORKING CAPITAL		
Dividends paid - - - - -	1,354,554	1,179,221
Long-term debt reduction - - - - -	396,947	1,001,260
Additions to fixed assets (net)—		
Newly acquired subsidiary - - - - -	2,298,847	
Other additions - - - - -	763,288	307,283
Purchase of trade marks, formulae and goodwill - - - - -	227,076	505,586
	<u>5,040,712</u>	<u>2,993,350</u>
INCREASE (DECREASE) IN WORKING CAPITAL - - - - -	(890,693)	749,047
WORKING CAPITAL—BEGINNING OF YEAR - - - - -	9,020,473	8,271,426
WORKING CAPITAL—END OF YEAR - - - - -	<u>\$ 8,129,780</u>	<u>\$ 9,020,473</u>



**Explanatory Notes to Consolidated Financial Statements**

FOR THE YEAR ENDED OCTOBER 31, 1973

**1. PRINCIPLES OF CONSOLIDATION**

- (a) The financial statements include the accounts of Crush International Limited and all subsidiaries, except certain foreign subsidiaries whose accounts are not consolidated due to the existence of foreign exchange restrictions.

During 1973 a dividend of \$77,115 was paid by an unconsolidated foreign subsidiary and is included in 1973 earnings. The earnings of unconsolidated foreign subsidiaries for the year were \$340,517 and their undistributed earnings since acquisition and not taken into the accounts of the Corporation were \$816,428 at October 31, 1973. Such earnings have been stated at the exchange rate prevailing at the balance sheet date.

- (b) United States dollars have been stated in Canadian dollars as follows:
- (i) Earnings, current assets, and current liabilities at par.
  - (ii) Other assets and liabilities substantially at the rate prevailing when they were acquired or incurred.

**2. LONG-TERM DEBT**

The long-term debt is represented by an unsecured bank loan which is repayable in annual instalments of U.S. \$390,000 from November 10, 1974 to 1976, with the balance of U.S. \$380,000 payable on November 10, 1977, bearing interest payable monthly at  $\frac{1}{2}$  of 1% above the New York prime rate—U.S. \$1,550,000.

**3. CAPITAL STOCK**

Changes during the year in issued and fully paid common shares without par value were as follows:

	No. of Shares	\$
Balance—November 1, 1972 - - - - -	4,229,928	4,630,426
Issue of shares for cash pursuant to options held by certain executive officers and key employees of the Corporation or its subsidiaries - - - - -	7,450	69,648
Balance—October 31, 1973 - - - - -	4,237,378	4,700,074

Certain executive officers and key employees of the Corporation or its subsidiaries hold options exercisable at various dates on or before June 5, 1983 to purchase 81,350 common shares at prices ranging from \$8.70 to \$15.45 per share.

**4. INCOME TAXES**

As a result of the acquisition of a subsidiary during the year, amounts of depreciation deductible for income tax purposes in excess of depreciation recorded in the accounts and losses became available to reduce income taxes which would otherwise be payable. The amount of such reduction for 1973 was \$166,000 and is reflected as an extraordinary item of earnings. The reductions arising from the application of the remaining amounts of excess depreciation of \$698,000 and losses of \$294,000 will be similarly reflected in future years' earnings as they are realized.

**5. EARNINGS PER SHARE**

Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the year.

The exercise of outstanding options to purchase common shares would not have a significant dilutive effect on 1973 earnings per share before extraordinary items or on net earnings per share.

**6. EXECUTIVE REMUNERATION**

The aggregate remuneration to the directors and senior officers, as defined by The Business Corporations Act (Ontario), amounted to \$378,228 (1972—\$297,759).

## CHARLES WILSON LIMITED



On May 3rd 1969 the magnificent new Wilson plant was officially opened in Don Mills, Ontario. Occupying 125,000 sq. ft., it is recognized as one of the most modern beverage plants in Canada, and with the very latest high speed bottling and canning machinery, has a capacity to produce 50,000 bottles per hour.



The two-decker horse-drawn van was a familiar sight in downtown Toronto in 1910, as is the tractor-trailer on the Ontario highways today.



Wilson's fleet of trucks, numbering 100 vehicles, service greater Toronto and five major southern Ontario markets.



WILSON'S famous range of products represents the finest in quality and are packaged in all sizes of bottles as well as in the convenient can package, and are available in chain and retail stores throughout southern Ontario. Expansion of this famous line of products will be extended throughout Ontario in the near future.



The display of SUSSEX Brands shown here indicates the many flavours presently distributed throughout the Atlantic Provinces by approximately 15 company and sub-bottlers plants.

The Sussex Ginger Ale Company was founded in 1885 in Sussex, N.B., and was considered one of the pioneers in the Soft Drink trade. It grew from its first product—a mineral water—to the largest Soft Drink operation in the Maritime Provinces.





## CRUSH INTERNATIONAL LIMITED

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### Operating in over 60 Countries

#### OFFICES

CANADA (*Head Office*):

1590 O'Connor Drive, Toronto, Ontario M4B 2V4

UNITED STATES:

2201 Main Street, Evanston, Illinois 60204

SOUTH AMERICA:

Avenida Almirante Barroso 91, Rio de Janeiro, Brazil

#### SUBSIDIARY COMPANIES

Crush Beverages Limited

Crush International (Overseas) Limited

Crush International Inc.

Crush Industria De Concentrados Ltda.

Crush International (USA) Inc.

Inter-American Orange-Crush Company

International Beverage Services Inc.

Orange Crush Products Company, Limited

Pure Spring (Canada) Limited

Charles Wilson Limited

#### HOLDING COMPANIES

Beverages International Inc.

Crush International (U.K.) Limited

The Hires Company

Orange Crush Company

#### PRODUCTS

Orange CRUSH

\*Lime CRUSH

Grape CRUSH

Grapefruit CRUSH

Cream Soda CRUSH

Strawberry CRUSH

HIRES Root Beer

SUN-DROP

KIK Cola

DENIS

AMERICA DRY Ginger Ale

AMERICA DRY Club Soda

AMERICA DRY Tom Collins

AMERICA DRY Grapefruit-Lemon

GURD'S Dry Ginger Ale

VÉE DE VÉE

OLD COLONY Beverages

AMERICA DRY Canned Beverages

CRUSH Canned Beverages

HIRES Canned Beverages

CRUSH Fountain Syrups

HIRES Fountain Syrups

PURE SPRING Dry Ginger Ale

PURE SPRING Flavours & Mixers

GINI Bitter Lemon

UPTOWN

HONEE-ORANGE

HONEE-GOLD Orange

BRIO CHINOTTO

INDIA EXPRESS Tonic Water

WILSON'S Ginger Ale and Flavours

WILSON Charlie's

SUSSEX Ginger Ale and Flavours

#### MASTER FRANCHISE FOR CANADA

ROYAL CROWN Cola

DIET-RITE Cola

ROYAL CROWN Canned Soft Drinks

DIET-RITE Canned Soft Drinks

#### CONCENTRATE AND PROCESSING PLANTS

Canada: Toronto, Ontario (3); Ottawa, Ontario;  
Montreal, Quebec

United States: Evanston, Illinois; Trenton, New Jersey

South America: Rio de Janeiro, Brazil; Montevideo, Uruguay

Ireland: Dublin

#### BANKERS

Canadian Imperial Bank of Commerce, Toronto, Ontario

Toronto-Dominion Bank, Toronto, Ontario

American National Bank and Trust Company, Chicago, Illinois

Madison Bank and Trust Company, Chicago, Illinois

#### LEGAL COUNSEL

Fraser & Beatty, Toronto, Ontario

Kirkland & Ellis, Chicago, Illinois

Baker & McKenzie, Chicago, Illinois

#### SHAREHOLDERS' AUDITORS

Coopers & Lybrand, Toronto, Ontario

Coopers & Lybrand, Chicago, Illinois

#### TRANSFER AGENT

Crown Trust Company, Montreal, Toronto, Winnipeg,  
Calgary and Vancouver

#### STOCK LISTINGS

Toronto, Montreal and Vancouver Stock Exchanges

#### ADDRESS ALL COMMUNICATIONS TO:

The Secretary, Crush International Limited,  
1590 O'Connor Drive, Toronto, Ontario M4B 2V4

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## Officers

### CRUSH INTERNATIONAL LIMITED

JOHN M. THOMPSON	- - - - -	Chairman of the Board
LOUIS COLLINS	- - - - -	President and Chief Executive Officer
D. G. OTTAWAY	- - - - -	Executive Vice-President
R. P. J. DEES	- - - - -	Vice-President Finance and Secretary

### CRUSH BEVERAGES LIMITED

LOUIS COLLINS	- - - - -	President
D. G. OTTAWAY	- - - - -	Executive Vice-President
D. E. P. ARMOUR	- - - - -	Vice-President and General Manager
R. P. J. DEES	- - - - -	Vice-President and Secretary
P. DAOUST	- - - - -	Vice-President
W. N. GILCHRIST	- - - - -	Vice-President
D. J. SMITH	- - - - -	Vice-President

### CRUSH INTERNATIONAL (USA) INC.

and

### CRUSH INTERNATIONAL INC.

LOUIS COLLINS	- - - - -	President
D. G. OTTAWAY	- - - - -	Executive Vice-President
F. S. O'DONNELL	- - - - -	Vice-President and General Manager
W. L. JOHNSON	- - - - -	Vice-President and Treasurer
R. P. J. DEES	- - - - -	Vice-President Finance
J. R. MCGOWAN	- - - - -	Vice-President International
R. A. POINDEXTER	- - - - -	Vice-President Production
W. L. LAUTEN	- - - - -	Secretary

### PURE SPRING (CANADA) LIMITED

JOHN M. THOMPSON	- - - - -	Chairman of the Board
N. MIRSKY	- - - - -	President
M. MIRSKY	- - - - -	Vice-President
R. P. J. DEES	- - - - -	Vice-President and Secretary



